

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

**A. GENERAL INFORMATION**

1. Date

7/20/2015

2. Department

CA Tax Credit Allocation Committee (CTCAC)

3. Organizational Placement (Division/Branch/Office Name)

4. CEA Position Title

Deputy Executive Director

5. Summary of proposed position description and how it relates to the program's mission or purpose.  
(2-3 sentences)

The Deputy Director (CEA) will report directly to the Executive Secretary, CTCAC. The position is at the second organization level and meets the CEA criteria having charge of a full range of administrative services as well as a major segments of the program. This position works with exceptional independence on program policy, operational and administrative issues. When acting in the absence of the Executive Secretary, the position works with full independence and reports directly to the State Treasurer and the Committee's Board Members. The position is a representative of the Committee's members and the State Treasurer, as Chairman of the Committee, in a complex and visible arena, and must be aware of the political sensitivity of his/her actions.

6. Reports to: (Class Title/Level)

Executive Secretary, CTCAC (Exempt)

7. Relationship with Department Director (Select one)

- ☒ Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- ☐ Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain):

8. Organizational Level (Select one)

- ☐ 1st ☒ 2nd ☐ 3rd ☐ 4th ☐ 5th (mega departments only - 17,001+ allocated positions)

## B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

The Deputy Director (CEA) will report directly to the Executive Secretary, CTCAC. The position is at the second organization level and will have charge of a full range of administrative services as well as a major segments of the program. This position works with exceptional independence on operational, program, and administrative issues. The position only seeks concurrence of the Executive Secretary of CTCAC on major policy issues. When acting in the absence of the Executive Secretary, the position works with full independence and reports directly to the State Treasurer and the Committee's Board Members. The position is a representative of the Committee's members and the State Treasurer, as Chairman of the Committee, in a complex and visible arena, and must be aware of the political sensitivity of his/her actions.

The CEA will plan, organize, and direct CTCAC staff in carrying out the functions of the Committee; manage the day-to-day operations of the Committee; develop, recommend and interpret policy, legislation and program operational procedures; and solve unique and complex problems, including monitoring trends in private capital markets and real estate practices. The CEA is the primary policy advisor to the Executive Secretary on all program and policy related matters. Such matters include real estate and housing development industry trends and issues; affordable rental housing practices, resources, and trends; legislation and regulatory matters.

The CEA will establish and maintain credibility among high level public and private sector officials including conducting daily interactions with national syndicators of low income housing tax credits, attorneys, accountants, lenders, local officials, and developers. The CEA will testify on behalf of CTCAC at legislative hearings, including budget hearings, and represent CTCAC with the Department of Finance and other state agencies.

The CEA will be confer with stakeholders and customers via one on one meetings or by establishing working groups/forums to receive input on program improvement and policy changes; conduct public hearings, review and suggest legislative initiatives, answer legislative inquiries; assure compliance with the provisions of the Internal Revenue Code with respect both to underwriting and financial feasibility of proposed projects; develop and monitoring on-going projects; exercise decision-making authority in dealing with appeals to the Committee; develop and implement policy changes related to changes in the Federal Internal Revenue Code.

The CEA will represent CTCAC at national and state conferences and forums including multiple trips to Washington DC and other venues across the nation.

**B. SUMMARY OF REQUEST (continued)**

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- ☒ Program is directly related to department's primary mission and is critical to achieving the department's goals.
- ☐ Program is indirectly related to department's primary mission.
- ☐ Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: CTCACs primary mission is the allocation of \$1.8 billion of federal and state low income housing tax credits annually and the compliance monitoring of over 3,500 low income housing tax credit projects throughout California.

## **B. SUMMARY OF REQUEST (continued)**

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

CTCAC is the single largest funder of affordable rental housing in California and the largest allocator of low income housing tax credits in the nation. The amount of low income housing tax credits (LIHTC) that CTCAC allocates increases each year and as of 2015 TCAC will allocate \$1.8 billion of tax credits to developers throughout California. The number of low income housing tax credit projects in the CTCAC portfolio is now 3,500 and increases by 200 projects each year. CTCAC is federally mandated to monitor these projects, including physical site inspections and complex file reviews over a 55 year regulatory period. These increases and the ever changing complexity of the program have created the need for this position to have more responsibility developing and implementing policy with a statewide impact.

The high-level policy responsibility of this position, the intense legislative and public interest, the scope, complexity and sensitivity of policy and program responsibility, and the impact of the recommendations made by the Executive Secretary makes this position appropriate for allocation at the CEA category.

The Deputy Director (CEA) will work on program issues that have a media, legislative and stakeholder interest by working closely with key stakeholders to develop new policy. The LIHTC program has recently come under scrutiny related to the costs to develop affordable housing. Media articles were written in California and in the national arena. There are many challenges in developing affordable housing that contribute to costs including plans to serve the specific populations, such as special needs households, seniors, families and veterans. Other issues related to costs include sustainable building methods, investor marketability, prevailing wage requirements, local government requirements and gap financing to name a few. The incumbent had a leadership role on this issue and independently conducted forums with stakeholders throughout California to discuss specific issues contributing to the cost to develop affordable housing. The forums resulted in the development of a multi-state agency working group to further define the costs and benefits and determine appropriate policy changes. The impact of these policies affect access to affordable housing for all Californians.

The CEA will have decision making and oversight responsibilities related to the lending of an additional \$800 million of recovery funds to low income housing projects throughout California. The projects that received cash loans and grants from CTCAC are unique in that many do not have LIHTCs in the project. The current incumbent had lead responsibility for developing and implementing the new program. This included developing new regulations and policies related to the priorities for funding, loan requirements, the creation of new CTCAC legal documents, negotiations with lenders, local governments, developers, attorneys and sister agencies. The incumbent represented CTCAC with the US Treasury, the federal Department of Housing and Urban Development and the State Recovery Task Force. The CEA will have ongoing responsibility to ensure that these state real estate assets are protected and managed prudently. The CEA will set policy and negotiate with banks, owners, investors, attorneys and local governments on subordination agreement, easements, and assignment and assumption agreements to ensure that the real estate assets and the benefits to the tenants are not compromised. These multifamily real estate assets must comply with many complex and overlapping restrictions and legal requirements over the life 55 year life of the project. Violations of these requirements can have statewide consequences for low income tenants.

The California Utility Allowance Calculator (CUAC) is California's new energy consumption model for calculating utility estimates as allowed by US Treasury Regulation 26 CFR §1.42-10. The CUAC is a tool to provide an estimate of what tenants will pay for utilities and is typically more accurate than a public housing authority (PHA) utility allowance schedule. The CUAC is prepared by qualified energy analysts as defined in TCAC Regulation Section 10322(h)(21). Use of the CUAC is limited to (upon approval by TCAC): new construction projects in the design phase, and existing tax credit projects with Multifamily Affordable Solar Housing (MASH) program awards that offset tenant area electrical load. The CEA will be responsible for developing and implementing policy for the CUAC. The CEA will be responsible for consulting with outside professionals and making determinations on the applicability of complex energy efficiency practices to meet federal law.

## C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

CTCAC is the single largest funder of affordable rental housing in California and the largest allocator of low income housing tax credits (LIHTC) in the nation. The amount of low income housing tax credits that CTCAC allocates increases each year and as of 2015 TCAC will allocate \$1.8 billion of low income housing tax credits to developers throughout California. The number of low income housing tax credit projects in the CTCAC portfolio is 3,500 and increases by 200 projects each year. CTCAC is federally mandated to monitor these projects, including physical site inspections and complex file reviews over a 55 year regulatory period. The Deputy Director (CEA) will be the primary policy advisor to the Executive Secretary on all program matters, including the allocation of tax credits and the federally mandated compliance monitoring. The position is at the second organization level and works with exceptional independence on operational, program, and administrative issues.

Developers of affordable rental housing apply for low income housing tax credits in a very competitive environment. In the 9% low income housing tax credit competition, less than 50% of the applicants will receive credits. Developers and local jurisdictions often spend millions of dollars on projects in anticipation of receiving tax credits. This creates a very high stakes environment. When applications lose points in the competition and are in jeopardy of not obtaining credits, CTCAC regulations allow the applicant to appeal the point score. Due to the extremely high demand for the tax credits, over 90% of applicants that receive a lower score than anticipated submit an appeal. The issues under appeal are related to items such as financing, cash flow, environmental review, site amenities, services to tenants, local planning, and off-site improvements. The CEA will review appeals, interpret regulations and independently make precedent setting decisions on the appeals. These decisions have an impact on developers, tenants and cities and counties throughout the state by determining where new affordable housing will be developed.

The CEA will have decision making and oversight responsibilities related to the lending of \$800 million of recovery funds to low income housing projects throughout California. The CEA will be responsible for assuring that the State assets are protected and securely managed. This includes setting policy and negotiating with banks, owners, investors and local governments on subordination agreements, easements and assignment and assumption agreements. These policies and outcomes will have a statewide impact owners of LIHTC projects and the living environment of tenants.

The California Utility Allowance Calculator (CUAC) is California's new energy consumption model for calculating utility estimates as allowed by US Treasury Regulation 26 CFR §1.42-10. The CUAC is a tool to provide an estimate of what tenants will pay for utilities and is typically more accurate than a public housing authority (PHA) utility allowance schedule. The CUAC is prepared by qualified energy analysts as defined in CTCAC Regulation Section 10322(h)(21). Use of the CUAC is limited to (upon approval by CTCAC): new construction projects in the design phase, and existing tax credit projects with Multifamily Affordable Solar Housing (MASH) program awards that offset tenant area electrical load. New construction projects must build to the applicable Building Energy Efficiency Standards, Title 24, Part 6 (the Standards) in effect at the time of construction. Use of the CUAC requires verification of what is actually built, as opposed to what had been proposed, so that projects are accurately modeled using the most current approved California Energy Commission (CEC) compliance software. Energy analysts using the CUAC shall investigate and confirm the relevant energy efficiency measures actually used in construction of the project once the project has been completed, and model the units and building(s) as built. These relevant energy efficiency measures include any components, materials, systems, etc. that impact the building's energy efficiency, including but not limited to the building envelope, heating systems, cooling systems, domestic hot water systems, and installed lighting systems. The CEA will be responsible for developing and implementing policy for the California Utility Allowance Calculator (CUAC). The CEA will be responsible for consulting with outside professionals and making determinations on the applicability of complex energy efficiency practices to meet federal law. The CUAC results are used to determine the utility allowance that tenants will be given in combination with their rent payments.

**C. ROLE IN POLICY INFLUENCE (continued)**

**13. What is the CEA position's scope and nature of decision-making authority?**

The Deputy Director (CEA) will report directly to the Executive Secretary, CTCAC. The position is at the second organization level and meets the CEA criteria having charge of a full range of administrative services as well as a major segments of the program. This position works with exceptional independence on operational, program, and administrative issues. The position only seeks concurrence of the Executive Secretary of CTCAC on major policy issues. When acting in the absence of the Executive Secretary, the position works with full independence and reports directly to the State Treasurer and the Committee's Board Members.

The Deputy Director has decision making authority over specific program areas that have statewide and direct public impact.

**14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?**

This position develops and implements both new policy and interprets and implements existing policy.

With respect to developing new policy, the proposed CEA is the primary advisor to the Executive Secretary and an integral part of developing all proposed program regulation changes. CTCAC is currently proposing a comprehensive package of regulatory changes as part of a program overhaul. The proposed CEA attended all listening sessions and focus groups preceding the proposal and was integral in making decisions on which ideas ideas to propose and how to draft them.